



## Health FSA Carryover - Frequently Asked Questions

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**How much can I carry over?** The State of Iowa allows the maximum IRS Health FSA carryover amount of \$500.

**When are carryover funds available to me?** January 1 of the following plan year.

**Is the carryover benefit automatically applied to my account?** Yes. All Health FSA plan participants still employed on 1-1 of the following plan year are eligible to use the carryover option.



**Do I need to be enrolled in the next plan year to take advantage of the carryover?** No. If you are enrolled in a plan year and will have carryover funds, you do not need to enroll for the following plan year to submit claims incurred in the new year. You must be employed in the new year, but do not need to be enrolled in the plan.

**Does the grace period for Health FSA still apply?** No. The carryover option replaced the Health FSA grace period option. Employers cannot offer both options in the same plan year.

**What about Dependent Care FSA claims?** The carryover option does not apply to Dependent Care FSA accounts. The grace period option remains available.

**Does the carryover amount impact the IRS maximum deduction for Health FSA?** No. The carryover amount is *added* to your payroll deduction election for new plan year. (see example below)

**If I don't use my \$500 carryover next year, can I carry it over again the following year?** Yes. The maximum carryover amount of \$500, if unused, may be rolled to following plan years. You must remain employed to submit claims for carryover funds.

**What happens to any unused funds over \$500?** Unused funds in excess of the carryover amount are forfeited to the plan. This amount is determined after the April 15 claim filing deadline.

**What claims can be reimbursed with carryover funds?** Carryover funds may be used for eligible expenses incurred in future plan years, as long you remain employed.

**Example:** An employee carries over unused contributions of \$500 from plan year 2016 to plan year 2017. He elects to contribute \$2,550 in 2017. His 2017 contributions **plus** the carryover amount are available for reimbursement of any eligible expenses incurred during the 2017 plan year.

2016 contribution election	\$	2,500
2016 expense claims/reimbursements		-2,000
2016 unused contributions		500
2017 contribution election		2,550

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**Carryover funds available for 2017 expenses \$ 3,050**